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**TITLE:**

**System and method for distributing promotional messages over a communications network**

**TECHNICAL FIELD OF THE INVENTION**

The present invention relates to a system and method for distributing promotional messages over a communications network and more particularly, to the provision of different promotional messages to different targeted groups e.g. households.

**BACKGROUND OF THE INVENTION**

For many years, television advertising has represented the cornerstone of consumer marketing. The unique combination of sight, sound, and motion offered by television has allowed marketers to build brand equities by persuading consumers that a certain brand is either unique and/or better than its competitors.

Television has been dominated by the broadcast networks, which have offered the best available means of broad reach for advertisers. Prior to the advent of cable television, an advertiser could reach nearly 100% of all homes via broadcasted promotions. However, the world is changing and many homes are wired for cable. These cable systems are effectively replacing on-air broadcast as the actual delivery vehicle for programs. With the anticipated increase in viewing options, efficient delivery of promotional messages to defined target groups through the sale of in-program participation or pre-set time slots on a given channel will become increasingly difficult. Broadcast networks and their affiliates however, still receive

FOOTNOTES

the vast majority of advertiser money. Advertisers believe that placing their promotions in specific programs will ensure that they reach the right kind of viewers while at the same time being aware that simple demographic targeting may be highly wasteful.

Another reason as to why broadcasters receive the majority of advertising revenue is because they continue to attract the largest audiences despite the proliferation of cable channels, which has fragmented the viewing audience. The likelihood that viewers are watching any particular promotional message is reduced by the sheer quantity of channels.

A few attempts have been made in order to remedy the current situation. The U.S. patent 5, 661, 516 entitled "System and method for selectively distributing promotional messages over a communications network" to Carles discloses a system and method for distributing promotional messages to an individually addressable subscriber terminal ("converter") in a network. Promotional messages to be distributed over the network contain embedded information identifying categories of recipients for each message. A server, centrally located on the network, selectively tags promotional messages with the converter addresses of subscribers, satisfying the identifying categories. The promotional messages are then transmitted over the network for receipt and display by a television receiver connected to the addressed converters. The addresses are selected by the server based on information stored in a database related to demographic and other information relating to the household of the subscriber.

Another attempt is disclosed in the U.S. patent 5, 155, 591 entitled "Method and apparatus for providing demographically targeted television commercials" to Wachob. Different promotional messages are broadcast to different demographically targeted audiences in a cable television system or the like. A first television channel contains television programs and periodic promotional messages. A second television channel contains alternate promotional messages. Means are provided for determining when a promotional message break in a particular program channel is about to occur, and selection means based upon the viewer's demographic characteristics are responsive thereto for providing an appropriate promotional message from the first or second channel during the break. After the promotion

break, the converter returns back to the original television program channel. The head-end can transmit a plurality of television program channels each having periodic promotional message breaks, with each television program channel having a corresponding plurality of alternate promotional message channels associated therewith. Demographic data can be input by a viewer via a remote control, downloaded to a subscriber's converter from a remote head-end, or programmed into the converter at installation. Prioritisation of the demographic characteristics of a plurality of television viewers watching a program together enables the promotional messages to be targeted to the viewer having highest priority. With this system the cable system operator, who controls the head-end, is provided with the capability to insert commercials in the promotional break portions of programs carried on the main television program channel, and also for providing a plurality of alternate promotional channels targeted to different demographically defined audiences.

The above mentioned prior art systems still suffer from a number of major drawbacks. First, it is critical to both prior art systems that the promotional messages can be scheduled to fit into the breaks of different television programs. Evidently, a quite comprehensive and intelligent system is required to keep track of all promotional breaks in each program channel, especially in a 500+ channel environment. Throughout the day each promotional message should be inserted at its scheduled time and once the promotional break is over return to the normal program needs to be ensured. In addition, the inherent variation in length of different promotional messages makes the task even more complicated.

Second, although Wachob mentions the possibility for a viewer to input demographic data the prior art systems are so called simplex systems, i.e. there are no consumer interaction means provided in order for the consumer to react upon a certain promotional message currently viewed.

It would therefore be advantageous to provide a method and apparatus for targeting specific promotional advertisements to demographically selected audiences which does not suffer from the above drawbacks.